

Message Text

LIMITED OFFICIAL USE

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 USIA-06 NSC-05 SS-15
L-03 H-01 SSO-00 NSCE-00 INRE-00 /095 W
-----007843 021630Z /53

O 021551Z FEB 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 4632
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

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USEEC

PASS AGRICULTURE ELECTRONICALLY FOR JOHN RIESZ, FAS/
D, L&P/FCA
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: EC DAIRY EXPORT SUBSIDIES

REF: (A) PHILLIPS/RIESZ TELECON 2/1/78, (B) BRUSSELS 784,
(C) 77 BRUSSELS 14859, (D) 77 EC A-422

1. SUMMARY: THE COMMUNITY HAS INCREASED ITS SUBSIDIES
FOR CHEESE EXPORTS TO THE UNITED STATES AND CANADA.
COMMISSION OFFICIALS SAY THAT THE INCREASE WAS NECESSARY
TO OFFSET THE DECLINE IN THE VALUE OF THE DOLLAR. END
SUMMARY.

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2. IN RESPONSE TO REF. A, MISSION OFFICER CONTACTED
COMMISSION OFFICIALS IN DG VI (AGRICULTURE), WHO
CONFIRMED THAT THE COMMISSION HAD INCREASED SUBSIDIES
APPLICABLE TO CHEESE EXPORTS TO THE UNITED STATES.
THE OFFICIALS SAY THAT THIS INCREASE IS AIMED SOLELY
AT OFFSETTING THE RECENT FALL IN THE VALUE OF THE
DOLLAR; IN FIXING THESE INCREASES, NO ACCOUNT WAS TAKEN

OF OTHER FACTORS SUCH AS INCREASED TRANSPORT COSTS. THE OFFICIALS SAID THAT THE INCREASES WERE BASED ON A 6 PERCENT DECLINE IN DOLLAR VIS-A-VIS THE UNIT OF ACCOUNT FROM THE END OF OCTOBER 1977 (WHEN EC CHEESE EXPORT SUBSIDIES APPLICABLE TO THE UNITED STATES WERE LAST MODIFIED--SEE REFS. C AND D) TO MID-JANUARY 1978. THEY POINTED OUT THAT SINCE THEN THE DOLLAR HAD FALLEN A FURTHER 1.5 PERCENT AGAINST THE UNIT OF ACCOUNT.

3. THE OFFICIALS SAID THAT THE SUBSIDIES FOR EXPORT OF THE "BASIC CHEESES" (E.G., PROVOLONE, EDAM, GOUDA, BUTTERKASE, CANTAL, ETC.) HAD BEEN INCREASED BY 10 U.A./100 KG.; SMALLER UNIT OF ACCOUNT INCREASES WERE MADE IN SUBSIDIES FOR OTHER CHEESES. THEY CLAIMED THAT, IN MANY CASES, THE DECLINE IN THE DOLLAR HAD BEEN ONLY PARTIALLY OFFSET BY THE SUBSIDY INCREASES. THEY SAID THAT THE SUBSIDY FOR PROVOLONE, FOR EXAMPLE, SHOULD HAVE BEEN INCREASED BY 21 U.A./100 KG. INSTEAD OF 10 U.A./100 KG. SUBSIDIES WERE INCREASED FOR EXPORTS OF ALL CHEESES TO THE UNITED STATES EXCEPT FOR (A) GRANA (EXPORT CODE NO. 4710 11), PECORINO (CODE NO. 4710 16), AND CHEESES FALLING UNDER CODE NO. 4710 22 AND (B) CHEESES FOR WHICH THE SUBSIDY FOR EXPORT TO THE UNITED STATES IS CURRENTLY SET AT ZERO. THE INCREASES WILL GO INTO EFFECT FEBRUARY 3, 1978.

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4. COMMISSION OFFICIALS GAVE US THE FOLLOWING DETAILED INFORMATION ON THE SUBSIDY INCREASES APPLICABLE TO THE UNITED STATES ON A CONFIDENTIAL BASIS (SINCE THE INCREASES HAVE NOT BEEN OFFICIALLY ANNOUNCED). A DESCRIPTION OF THE CHEESES COVERED BY THE EXPORT CODE NUMBERS CAN BE FOUND IN REF. D OR ANY RECENT REGULATION SETTING DAIRY EXPORT SUBSIDIES.

EXPORT CODE NUMBER	CURRENT SUBSIDY	NEW SUBSIDY
4000 00	24.38	34.38
4410 10	14.58	17.89
4410 20	14.58	17.89
4410 30	21.50	26.39
4410 40	14.58	17.89
4410 50	21.50	26.39
4410 60	31.32	38.46
4510 10	14.58	17.89
4510 20	21.50	26.39
4510 30	31.32	38.46
4510 40	31.32	38.46

4510 50	37.16	45.64
4610 00	37.16	45.64
4710 11	81.5	81.50
4710 16	92.50	92.50
4710 22	81.50	81.50
5120 31	77.00	87.00
5120 44	25.60	35.60
5120 54	23.10	33.10
5120 58	23.11	33.11
5120 59	15.00	20.00
5120 82	2.15	7.15
5120 87	43.08	53.08

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COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 USIA-06 NSC-05 SS-15
L-03 H-01 SSO-00 NSCE-00 INRE-00 /095 W
-----007880 021630Z /53

O 021551Z FEB 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 4633
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

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5. SUBSIDIES APPLICABLE TO EC CHEESE EXPORTS TO CANADA
HAVE ALSO BEEN INCREASED--BY 5 U.A./100 KG. FOR THE
"BASIC" CHEESES AND BY SOMEWHAT LESSER AMOUNTS FOR
OTHER CHEESES. COMMISSION OFFICIALS SAY THAT THE
GENERALLY SMALLER INCREASE IN SUBSIDIES FOR EXPORT TO
CANADA REFLECTS: (A) THE LESSER DECLINE IN THE VALUE
OF THE CANADIAN DOLLAR; (B) DIFFERENT PRICE DEVELOPMENTS
ON THE CANADIAN MARKET; AND (C) LACK OF GOOD INFORMATION
ON PRICES IN THE CANADIAN MARKET. THEY INDICATED THAT
THE ADEQUACY OF THE SUBSIDIES APPLICABLE TO CANADA WILL
BE REVIEWED IN THE NEAR FUTURE.

6. EC EXPORT SUBSIDIES FOR OTHER DAIRY PRODUCTS AND/OR
OTHER DESTINATIONS REMAIN AS REPORTED IN REFS. B AND D.
MISSION WILL FORWARD COPIES OF THE EC REGULATION
FIXING THE NEW EXPORT SUBSIDIES FOR DAIRY PRODUCTS AS
SOON AS IT IS PUBLISHED. HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DAIRY PRODUCTS, EXPORT SUBSIDIES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Reference: 78 BRUSSELS 784, 77 BRUSSELS 14859
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Exemptions: n/a
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Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3434641
Secure: OPEN
Status: NATIVE
Subject: EC DAIRY EXPORT SUBSIDIES
TAGS: EAGR, US, EEC
To: STATE USOECD MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/15756dcd-c288-dd11-92da-001cc4696bcc
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